

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** April 14, 2008  
**POSITION:** Neutral  
**SPONSOR:** Chabot Las-Positas Community College

**BILL NUMBER:** AB 2804  
**AUTHOR:** M. Hayashi

**BILL SUMMARY: Renewable Energy Resources: Solar Initiative**

This bill would require the California Public Utilities Commission (PUC) to consult with the State Architect to determine reasonable time periods for school districts to complete necessary approvals for, and installation of, solar energy systems. In addition, this bill would require the PUC to permit a school district to reserve financial incentives from the California Solar Initiative (CSI) for the time period necessary for the district to approve and install a solar energy system.

**FISCAL SUMMARY**

The PUC indicates the costs associated with this bill would be minor and absorbable.

**COMMENTS**

Finance is neutral on this bill as it could increase the use of solar energy systems in schools by defining and accommodating the district's procurement and installation process.

Existing law creates the CSI, a \$3.3 billion 10-year rebate program. The program's goals are to install 3,000 megawatts of solar power in California and to create a self-sustaining solar industry that can operate without subsidies by 2017. The PUC-directed program provides \$1.167 billion in rebates and cash incentives for solar energy systems to customers of Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas and Electric Company. These incentives, combined with federal tax incentives, significantly lower the total cost of a solar energy system. Under the CSI, tax-exempt entities, such as schools, are eligible for an up-front cash incentive of up to \$3.25/watt, and a performance-based incentive of up to \$0.50/kilowatt hour for installed solar systems.

Currently, in order for a school district to receive rebates from the CSI, a school must have completed installation of the solar energy system within 18 months from the time the application for the rebate is approved. Due to the complexity in the permitting and procurement processes involved in school construction projects, schools experience difficulty installing the energy systems within the 18-month window and could forfeit the rebate funding. This bill is intended to determine the appropriate time period for districts to complete the installation of the solar energy system, and would allow districts to reserve incentives from CSI until approval and installation of the system is complete.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
8660/PUC	SO	No	----- No/Minor Fiscal Impact -----						0995
<u>Fund Code</u>	<u>Title</u>								
0995	Reimbursements								

Analyst/Principal (0621) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)

